

State of Washington
Decision Package

FINAL

Agency: 540 Employment Security Department

Decision Package Code/Title: AP Telephone Systems Replacement

Budget Period: 2005-07

Budget Level: PL - Performance Level

Recommendation Summary Text:

To maintain mission critical contact with the public this request is to replace all Nortel Norstar phone systems in the Employment Security Department (ESD). The Norstar phone systems are installed at 15 of the smaller ESD offices throughout the state.

Fiscal Detail

Operating Expenditures	<u>FY 2006</u>	<u>FY 2007</u>	<u>Total</u>
119-2 Unemployment Compensation Admin-Federal	358,387	322,160	680,547
Total Cost	358,387	322,160	680,547

Revenue

<u>Fund</u>	<u>Source</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>Total</u>
119 Unemploy Comp Admin	0317 Dept of Labor	358,387	322,160	680,547
Total Revenue		358,387	322,160	680,547

Package Description:

Replace all Nortel Norstar phone systems in the Employment Security Department (ESD). The Norstar phone systems are installed at 15 of the smaller ESD offices throughout the state. The system consists of three major components; Automatic Call Distributor (ACD), Octel 100 voicemail and switches that route phone calls to the correct phone. The ACD and voicemail have reached end of life and are no longer supported by the manufacturer. ESD would like to replace these obsolete systems with Nortel's Business Communication Manager (BCM), which includes an ACD and voicemail. This decision packages supports activities A003-Employment and Training Services to Targeted Populations, A004 Job Seeker Services, A006-Re-Employment of UI Claimants and A007-Unemployment Insurance, Benefits and Taxation.

Narrative Justification and Impact Statement

How contributes to strategic plan:

As we move to the 05-07 biennium, our projections include increasing costs and declining revenues in our federal and state fund sources. The increased spending pressures on the federal government from domestic and foreign activities make it unlikely that there will be increased federal funding available in the 05-07 biennium. Our Unemployment Insurance program continues to be under funded due to the federal Resource Justification Model (RJM) that is used to allocate unemployment insurance program funds to the states. Our other funding sources are projected to be less than the current biennium. The state of Washington has received funds from the federal government called Reed Act funds. The Reed Act funds can be used in unemployment insurance activities and employment services activities in the Employment Security Department.

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We are requesting one time Reed Act funds to be used for this decision package so we can continue to deliver mission critical services to the citizens of the state.

Many WorkSource Offices include partners that share in the costs of the facility. We are estimating that approximately \$76,000 is the partner's share of this decision package. We will be asking the partners to pay for their share through our resource sharing agreements.

The current Norstar systems were purchased in 1995 and have reached their end of life. The ACD resides on a DOS based PC platform that is no longer supported. Life expectancy for PCs is 4 to 5 years. ESD will not be able find replacement parts for these devices. The voicemail system (Octel 100) is at end of life as well. These devices have been in the network for almost ten years. If a system fails, parts may not be available to make repairs.

The offices use the phone systems for every phone call. The public interfaces with ESD offices through these telephone systems. All calls to an office use the auto attendant function of the ACD, which provides a voice menu of choices and then automatically distributes the calls to appropriate parties through the call routing switches. The voice mail and the ACD replace the need for a human operator to route calls and take messages. This ensures quick responses to our customers and reduces the amount of ring no answers and busy treatments that our customers would normally hear. If an ACD were to go out of service the office would be inaccessible by phone. If the voice mail system were out of service, callers could not leave voice messages. In either case, ESD's ability to support its customers would be seriously effected.

If a system at an office were to fail, the office would become unavailable to the public. Currently the citizens of the state call these offices to obtain important information on the following:

- Free use of computers, copiers, phones, faxes and other career resources
- Internet access to jobs
- Job referral and placement
- Classes on how to get and keep a job
- Information on the fastest growing jobs and wages
- Referral to training and other community services
- Access to Unemployment Insurance
- Translation services

ESD's ability to provide these services is in jeopardy because of the age of these systems. It is highly probable that several phone systems at multiple offices could fail at the same time. There are not enough spare parts to keep these systems running. The offices would be unavailable to the public for periods of up to a week until a new system could be purchased and installed. In order for ESD to provide excellent customer support to its customers, the phone systems must be reliable and functioning efficiently.

Outcome Measures

Maintain Voice Hardware Service Levels at 99%

FY 2006-Maintain 99%

FY 2007-Maintain 99%

Maintain Voice Telecommunications Service Levels at 99%

FY 2006-Maintain 99%

FY 2007-Maintain 99%

This request contributes to the following agency goals:

Goal #1, Provide High Quality, Demand-Driven Business Services:

1.1 Objective: Meet the hiring needs of business customers.

Goal #2, Provide High Quality Demand-Driven Services for the Workforce:

2.1 Objective: Meet the employment needs of job seeking customers.

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Goal #4, Provide Superior Internal and External Customer Service:

4.1 Objective: Improve job seeker and business customer satisfaction;

Objective 4.15 Provide high value customer service by maintaining service levels for voice hardware and voice telecommunications at 99%.

Performance Measure Detail

Activity: **A003 Employment and Training Services to Targeted Populations**

Incremental Changes

No measures submitted for package

Activity: **A004 Job Seeker Services**

Incremental Changes

No measures submitted for package

Activity: **A006 Re-Employment of UI Claimants**

Incremental Changes

No measures submitted for package

Activity: **A007 Unemployment Insurance, Benefits, and Taxation**

Incremental Changes

No measures submitted for package

Reason for change:

The current phone systems were purchased ten years ago and have reached their end of life. The systems are no longer reliable. ESD offices cannot afford to be without phone service. The manufacturer of these systems no longer provides parts or support for these systems.

Although these systems have given excellent service, given their age, past performance is not a useable predictor of future performance. These systems are ten years old and ESD does not recommend segmenting this request. Relying on technology that is this old for critical business functions invites disaster. From a reliability standpoint, using a ten year old phone system is equivalent to a daily commute from Olympia to Seattle at freeway speeds in an automobile that was made in 1930.

Impact on clients and services:

These phone systems are the main interface to ESD and our customers.

Impact on other state programs:

This would affect other agency programs that are collocated at many of the offices as part of the WorkSource system. Also affected would be other agencies that obtain referrals and otherwise must coordinate by phone with ESD offices.

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Relationship to capital budget:

None

Required changes to existing RCW, WAC, contract, or plan:

In order to satisfy the federal requirements for an appropriation of Reed Act funds to the Employment Security Department, any appropriation of Reed Act funds in the appropriation bill should include proviso language such as:

"\$ x" is appropriated to the Employment Security Department from the Unemployment Compensation Administration Account - Federal, from funds made available to the State by Section 903 (d) of the Social Security Act, for "y purpose".

Alternatives explored by agency:

There are no alternatives. The Norstar phone systems must be replaced.

Budget impacts in future biennia:

There will be ongoing maintenance costs after the first year. However, these costs are expected to be less than the costs of maintaining the current systems.

Distinction between one-time and ongoing costs:

Charges for purchase and installation will be one-time. Annual maintenance fees will be ongoing for the life of the equipment.

Effects of non-funding:

Due to a chronic shortfall in federal funding, the department does not have funding available to proactively replace the Norstar systems. As they fail, systems will be repaired if possible and replaced only when necessary. If the systems are not replaced, the risk of system failures in multiple offices will be high, and the potential for serious disruption of customer service will remain a very real threat.

Expenditure Calculations and Assumptions:

The table below ranks the systems by location in terms of reliability over the past three years. If this proposal cannot be funded in its entirety, funding should be provided to allow ESD to replace as many systems as possible based upon the table rankings.

Ranking/Sites/Cost

1-Sunnyside-\$48,345
2-Wenatchee-\$54,212
3-Aberdeen-\$60,847
4-Omak-\$50,039
5-Moses Lake-\$47,309
6-Port Angeles-\$52,546
7-Walla Walla-\$45,089
8-Bellingham-\$43,742
9-Lakewood-\$40,195
10-Pullman-\$40,195
11-Raymond/S Bend-\$39,743
12-Everett-\$49,945
13-WPLEX-\$41,340
14-Shelton-\$35,000

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15-Olympia-\$32,000

Total \$680,547

<u>Object Detail</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>Total</u>
E Goods And Services	5,000		5,000
J Capital Outlays	353,387	322,160	675,547
Total Objects	358,387	322,160	680,547